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# Budget 2004



## A New Deal for Communities

March 23, 2004



Canada

*"For this government, the need for a New Deal is clear, the benefits compelling and the time is now."*

Ralph Goodale, Minister of Finance  
2004 Budget Speech

### Great Places to Live—A New Deal

Canadians want communities that provide affordable housing, good roads, public transit, safe neighbourhoods and abundant green spaces. That is why the Government of Canada has committed to a New Deal with communities of all sizes.

The objectives of the New Deal are to:

- Ensure Canada's communities have reliable and predictable long-term funding.
- Provide more effective program support for pressing infrastructure and social priorities in communities.
- Help equip communities to develop local solutions for local problems.
- Give communities a stronger voice in the decisions that affect them.

To meet those objectives, Budget 2004 takes the following first steps:

- Full goods and services tax (GST) relief for municipalities of all sizes.
- Accelerated infrastructure funding.
- A stronger voice for municipalities.
- Support for cleaning up contaminated sites.
- Funding for immigration settlement and integration.
- Funding to improve programs and services for Aboriginal Canadians in urban areas.

### Partnerships Are Key

The Government recognizes that the long-term success of the New Deal depends on close partnerships with communities, provincial and territorial governments, as well as with the private and non-profit sectors.

#### Full Goods and Services Tax Relief

Municipalities will receive an estimated \$7 billion in GST relief over the next 10 years. They can invest this money in critical priorities such as roads, transit and clean water.

As of February 1, 2004, relief is being provided by allowing municipalities to recover 100 per cent of the GST and federal component of the harmonized sales tax (HST) they pay. The rebate for municipal purchases prior to that date was 57 per cent.

#### GST Relief for Municipalities—Example

A town buys \$200,000 worth of snow removal equipment and pays \$14,000 in GST.

- Under the previous rebate, the town would have been eligible to recover 57 per cent of the GST paid, which is \$8,000.
- A full rebate now allows the town to recover the entire \$14,000, or an additional \$6,000.

Further, as the Speech from the Throne stated, the Government will work with provinces to share with municipalities a portion of gas tax revenues or determine other fiscal mechanisms that achieve the same goals. Over the coming months, the Government will launch these discussions with provincial-territorial governments and will continue to consult with municipalities.

#### Acceleration of Infrastructure Funding

The \$1 billion set aside in last year's federal budget for the Municipal Rural Infrastructure Fund will be spent over the next five years instead of over 10 years as originally planned.

This will give municipalities across Canada quicker access to the funds they need to plan their infrastructure improvements and put them in place.

The Municipal Rural Infrastructure Fund is designed to help municipalities pay for smaller-scale projects, such as those relating to water infrastructure and local transportation.

In the last two budgets, the Government has added \$4.6 billion to the Canada Strategic Infrastructure Fund and the Border Infrastructure Fund, of which more than \$1.5 billion remains available for new commitments.



### A Stronger Voice for Municipalities

The Government is committed to giving municipalities a stronger voice in matters that affect them. Already, there are examples of progress in this area:

- The Prime Minister has appointed a Parliamentary Secretary to lead federal efforts to secure a New Deal for communities.
- The new External Advisory Committee on Cities and Communities, chaired by Mike Harcourt, has been established to ensure that the concerns of communities are heard and addressed on a continuing basis.
- The Minister of Finance has agreed to consult formally with municipal representatives prior to every federal budget. The first such consultation took place February 19, 2004.

### Clean-Up of Contaminated Sites

Budget 2004 provides funding of \$4 billion over 10 years to clean up contaminated sites.

Of this amount, \$3.5 billion is provided for a major multi-year cleanup of contamination on federal lands. There are approximately 3,800 federal sites in Canada that are contaminated.

#### Federal Contaminated Sites—Examples

Federal contaminated sites can be found in every province and territory of Canada. Examples include:

- Giant Mine, Yellowknife.
- Harvey Barracks, Calgary.
- Canadian Forces Base Valcartier.

Of the Government's spending on federal contaminated sites, 60 per cent is expected to occur in the North, leading to economic development and employment opportunities for Aboriginal communities and Northern residents. Forty per cent of the sites affected by this announcement are located in or near urban areas.

The remaining \$500 million will be dedicated to do our part in the remediation of certain other sites. A priority will be the tar ponds in Sydney, Nova Scotia.

Cleaning up contaminated sites will reduce threats to vulnerable ecosystems, enhance quality of life, and rejuvenate communities.

### Immigration Settlement and Integration

New funding of \$15 million annually will be allocated to the enhanced language training initiative to reduce labour market barriers faced by skilled immigrants.

*"The continuing gap in life conditions between Aboriginal and other Canadians is intolerable. It offends our values; we cannot remain on our current path."*

Prime Minister Paul Martin  
Reply to the 2004 Speech from the Throne

### Programs for Urban Aboriginal People

Two examples of federal programs that help address the priorities of Aboriginal people and communities are:

- The Urban Aboriginal Strategy (UAS), which helps communities develop new approaches to local Aboriginal issues.
- The Aboriginal Human Resources Development Strategy (AHRDS), which provides access to training and employment.

Budget 2004 strengthens both of these programs by:

- Extending the UAS to more communities and doubling its total budget to \$50 million. The program will also be extended to four years instead of three as previously planned.
- Confirming five-year funding for the \$1.6 billion AHRDS, including replacement of \$125 million over five years that was due to end on March 31, 2004.

### Helping the Social Economy

Budget 2004 helps the social economy—organizations producing goods and services on a not-for-profit basis, with surpluses going to social or community goals.

- The Government will provide these enterprises with access to small business programs.

- Budget 2004 provides \$162 million over five years to help establish regional patient capital funds, promote other sources of lending to benefit the sector, build capacity and undertake research.
- The budget funds a New Horizons for Seniors Program, which will help seniors to participate in social activities, pursue an active life and contribute to their community.

### How Can I Get More Information on Budget 2004?

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